

**UPDATED STAFF REPORT
APPLICATION FOR TAD FINANCING BY THE LEAVEN GROUP
3700, 3706, 3708 & 3710 ATLANTA HIGHWAY
FEBRUARY 17, 2023**

GENERAL INFORMATION

I.THE REQUEST

AMOUNT REQUESTED.....29% of the Total Project Value, Capped at \$189,503,000
FINANCING OPTION REQUESTED.....Pay As You Go
TERM LENGTH OF FINANCING REQUESTED.....30 Years
APPLICANT.....Brian Lu, the Leaven Group
APPLICABLE TAD DISTRICT.....TAD #1: Mall Area
LOCATION.....3700, 3706, 3708 & 3710 Atlanta Highway
SIZE OF TAD INCREMENT AREA.....74.8 Acres
PROPOSED USES.....Residential, Commercial and Office Mixed Use
TAX MAP NUMBERS.....073 016; 073 016F; 073 016J; 073 016K; 073 016S; 073 016T

EVALUATION OF PROPOSED FUNDING REQUEST

I.ELIGIBILITY OF TAD FUNDS REQUESTED, PER GA REDEVELOPMENT POWERS LAW

- Unfortunately, at this time, we are unable to specifically say which TAD funding requests are eligible per GA Redevelopment Powers Law due to the lack of information that has been provided by the developer. To mitigate this, our TAD Attorney, Dan McRae, will be drafting a Community Benefits Agreement that outlines in detail, a Redevelopment Verification Agent must approve all expenses as eligible expenses per GA Redevelopment Powers Law before those expenses will be reimbursed.

II.PROJECT READINESS AND FINANCIAL FEASIBILITY

- The TAD Funding Request is for 29% of the sum of the Project's all-in, horizontal costs, plus the aggregate value of the private, vertical improvements, capped at \$189,503,000.
 - TADs are most commonly used for gap financing, meaning 15% or less, for projects (Please see table below). However, most policies, including ACCGov's, allow for a greater request if the project is considered a large redevelopment project that has a significant public benefit and can be supported through the generation of sufficient tax allocation increments.

- From the financial evaluation that was conducted by SMC Terminus Group, some inconsistency exists in the calculated percentage requested. Based on SMC Terminus Group's estimated total project costs (\$474,872,859) the requested reimbursed costs make up 39.91% of the total project cost, rather than the stated 29%. Secondly, based on the estimated project taxable value, the requested reimbursed costs make up 44.24% of the total taxable value.
- The request is for pay-go funding over a 30-year time span, which is a long period of commitment compared to other projects across the state (Please see table below). The Mall TAD is due to sunset 18 years from now, in 2040.
 - As a local point of comparison, incentive periods for industrial development projects that include substantial capital investment as well as the creation of above-average paying, fully benefitted jobs do not exceed 20 years, and in more recent years, even shorter periods.

TAD in Georgia	Max % TAD Funding Available	Max Period for Pay-Go Funding
Invest Atlanta	10% of total eligible costs subject to underwriting and feasibility analysis (increase possible with additional affordable units or deeper levels of affordability)	Not Defined
City of Decatur	15% of redevelopment costs	25 years
City of Douglasville	15% of total project costs	25 years
Columbus Consolidated Government	<p>15% of total estimated project development costs, excluding capitalized interest</p> <p>Approval of TAD funds in excess of 15% would require special consideration by the CCG Council in limited circumstances and if said funds are available in a given TAD. This limitation shall not apply to infrastructure projects which are funded independently of TAD assistance or to large redevelopment projects that have a significant public benefit, but require, and can support through the generation of sufficient tax allocation increments, a greater degree of TAD assistance.</p>	25 years
Gwinnett County	<p>15% of total estimated project development value, excluding capitalized interest</p> <p>The 15% limitation shall not apply to infrastructure projects which are funded independently of TAD assistance or to large redevelopment projects that have a significant public benefit but require, and can support through the generation of sufficient Tax Allocation Increments, a greater degree of TAD assistance.</p>	25 years

- The financing structure and funding sources for the proposed development are not clear, making it difficult to determine whether the project has sufficient upfront capital and private financial support to complete all proposed phases of the project so the increment can fully be generated.

III. TAX GENERATION

- From current county tax records, the parcels listed in the application have a current market value of \$25,091,105, which gives an assessed value of \$10,036,442. This assessed value provides the county and school system collectively a total of \$314,612.08 in property taxes per year. A 3rd party consultant has evaluated the proposed development and projects that it will generate a TAD increment of \$5,465,434.75 once everything is built. Based on this calculation, the project will only generate enough increment to cover to amount requested if the development sees a 2.50% growth rate each year. Anything less than a 2.50% growth will not generate enough increment.

IV. DEVELOPER QUALIFICATIONS AND EXPERIENCE

- Staff has been unable to identify other similar projects completed by this project team as a whole (Leaven Group, Athens Construction Group, W & A Engineering) as a means to determine appropriate experience with these types of large-scale mixed use projects.

V.SCHOOL IMPACT AND STUDENT POPULATION

- From ACCGov's contracted, 3rd party school-impact analysis, it is estimated that this project will generate 221 new students to the schools zoned for this development. Using CCSD's reported per pupil expenditure of annual local taxes (\$7,354), the annual monetary impact to the school is \$1,625,234.
 - $(221 \text{ students} * \$7,354 = \$1,625,234)$.

VI.HOUSING CREATION

- Proposed Development - Market-Rate Housing: 1,188 total residential units
 - For-Sale Market-Rate Townhomes: 202 Units
 - Market-Rate Multifamily: 816 Units
 - Market-Rate Active Adult Multifamily: 170 Units
- Proposed Development - Affordable Housing:
 - Mayor & Commission affordable housing goal set for TADs is 20% of all multifamily units at 80% AMI.
 - $20\% \text{ of total } 986 \text{ units} = 198 \text{ affordable units}$
 - The developer proposes 10% of affordable housing at 80% AMI = 99 units

# Bedrooms	# Affordable Units Proposed	
Studio	11	11
1 Bedroom	53	53 total bedrooms
2 Bedroom	29	58 total bedrooms
3 Bedroom	6	18 total bedrooms
TOTAL	99 total units	140 total bedrooms

- As context, from 2018-2022 Athens-Clarke County has permitted and/or reviewed 8,615 units (18,178 bedrooms) for multi-family development.
 - In this time frame, North Athens Downtown Redevelopment is the only multi-family development to have received public support.
 - $\frac{2}{3}$ of the units in Phase I of the North Athens Downtown Redevelopment are affordable for those households at 60% AMI and below.

VII.JOB CREATION AND WAGES

- Number of Jobs:
 - 1,035: Estimated # full-time jobs to be created by development, according to developer's 3rd party economic analysis.
 - 350: Estimated # full-time jobs to be created by development, according to 3rd party economic analysis conducted for ACCGov, based upon the types of space and square footages provided by the developer.
- Types of Jobs to Be Created:
 - Many of the jobs to be created by this development will be in the retail and restaurant sector, which may not pay above-average wages and are typically part-time, non-benefited.
 - \$35,592: Retail average wage in Athens-Clarke County
 - 11.8% of ACC population currently employed in retail sector
 - \$21,289: Food & Beverage average wage in Athens-Clarke County
 - 11.1% of ACC population currently employed in food & beverage
 - Data Source: <https://investathensga.com/regional-data/industries/>

VIII. OTHER COMMUNITY REVITALIZATION IMPACTS

- An ACCGov Transit Facility will be constructed on-site, which will allow residents of the development to have easy access to affordable transportation and reduce vehicles on site. Additionally, it will serve as a transfer facility for transit operations.
- A 12 ft. wide multi-use trail will be constructed around the development, which is a part of the total 7,818 linear feet of paths within the development.
- Reducing almost 20 acres of impervious surface to create more open greenspace.
- Revitalizing a less-than-full tenancy mall that currently only has one anchor tenant by creating 352,000 square feet of commercial space, of which 70,000 is office space.

CURRENT TIMELINE

Date	
1/31/23	Mayor & Commission Work Session – Detailed Information on Application and Community Benefits Agreement
2/3/23 2/7/23	Mall Area Redevelopment Committee (MARC) Met to Discuss Application & Tabled Application Pending Community Benefits Agreement
2/7/23	Mayor & Commission Voting Meeting-Tabled Vote Pending MARC Vote on Community Benefits Agreement
2/20/23	Mall Area Redevelopment Committee (MARC) Meets to Discuss Community Benefits Agreement
2/20/23	Clarke County School Board Votes on Amended Intergovernmental Agreement Extending out School Participation Length
2/21/23	Mall Area Redevelopment Committee (MARC) Meets to Vote on Community Benefits Agreement
2/21/23	Mayor & Commission Special Called Voting Meeting-Vote on Community Benefits Agreement